



“Building a Better Maine for 30 Years”

State of Maine

Community Development Block Grant Program

2005 Proposed Program Statement



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**2005 PROPOSED PROGRAM STATEMENT
19-498 DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
CHAPTER 33 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM**

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The Office of Community Development reserves the right to fund only those applications deemed to be in the best interest of, and that offer definable benefits to, the State of Maine and the Community Development Block Grant Program. Applications will not be funded out of rank order except in instances where a preceding application is deemed ineligible or is withdrawn by the applicant.

**19-498 CMR DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
CHAPTER 33 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM
2005 PROPOSED PROGRAM STATEMENT**

SUMMARY

This Proposed Program Statement describes the method by which 2005 Community Development Block Grant (CDBG) program funds will be distributed. The CDBG program is administered pursuant to 5 M.R.S.A 13073. The 2005 CDBG program is developed by the Department of Economic and Community Development (DECD) following a review of past programs, a series of public forums and hearings with program constituents, and a comprehensive assessment of statewide community and economic development needs conducted in 1999. In accordance with the Maine Administrative Procedures Act, DECD will hold three public hearings regarding this Proposed Program Statement.

SECTION 1. PROGRAM OVERVIEW

A. CDBG OBJECTIVES

All CDBG funded activities must meet one of three National Objectives of the program. These objectives are:

- Benefit to low and moderate income persons
- Preventing or eliminating slums or blights
- Meeting community development needs having a particular urgency.

The Maine CDBG Program serves as a catalyst for local governments to implement programs which meet one of the three National Objectives, and:

- Are part of a long-range community strategy;
- Improve deteriorated residential and business districts and local economic conditions;
- Provide the conditions and incentives for further public and private investments;
- Foster partnerships between groups of municipalities, state and federal entities, mutli-jurisdictional organizations, and the private sector to address common community and economic development problems; and
- Minimize development sprawl consistent with the State of Maine Growth Management Act and support the revitalization of downtown areas.

B. METHOD OF DISTRIBUTION

DECD, through the Office of Community Development (OCD), offers programs to assist municipalities to achieve their community and economic development objectives. The 2005 Proposed Program Statement provides a description of the selection criteria that OCD will use to allocate CDBG funds among communities. Programs are grouped under the four broad categories listed below.

1. Community Development

- a. Housing Assistance Grants
- b. Home Repair Network
- c. Public Facilities Grants
- d. Public Infrastructure Grants
- e. Public Service Grants
- f. Downtown Revitalization Grants
- g. Community Enterprise Grants
- h. Urgent Need Grants

2. Economic Development

- a. Business Assistance Grants
- b. Development Fund Loans
- c. Non-Profit Development Grants
- d. Pine Tree Development Zone Set Aside
- e. Interim Financing Program Loans
- f. Section 108 Loan Program (Contingent upon HUD approval)

3. Planning

- a. Community Planning Grants
- b. Project Development Phase Planning Grants

4. Special Projects

- a. Special Projects Matching Fund
- b. Lead Hazard Control Fund

C. STATE ADMINISTRATION

1. General Administration Allocation: Pursuant to Section 106(d) (3) (A) of the Housing and Community Development Act of 1974, as amended (the Act), the DECD will utilize \$100,000 plus up to 2% of its allotment from the Department of Housing and Urban Development (HUD) to administer Maine's CDBG Program in accordance with Federal and State requirements.

2. Technical Assistance Administration Allocation: Pursuant to Section 106(d) (5) of the Act, DECD will utilize 1% of its allotment from HUD to provide technical assistance with Federal and State requirements.

D. EXCLUSION OF ENTITLEMENT COMMUNITIES

The entitlement communities of Auburn, Bangor, Lewiston, South Portland and Portland are not eligible to receive State CDBG program funds. The City of Biddeford will also be ineligible if it gains status as an entitlement community for the 2005 CDBG program.

E. NOTICE – GRANT ADMINISTRATION REQUIREMENT

Communities must employ a certified Grant Administrator and in the case of Housing Rehabilitation a certified Rehabilitation Technician (as employees or consultants) or send whoever will be administering their program to the next offered grant administrator or rehabilitation technician training program. The Director, Office of Community Development must approve waivers of this requirement in writing. All planning activities, Community Planning Grants and Project Development Planning activities are exempt from this requirement.

F. PROGRAM TIMEFRAME

Application deadlines – 4:00PM EST on the dates listed:

Public Facilities.....	December 10, 2004
Public Infrastructure.....	December 10, 2004
Downtown Revitalization.....	January 14, 2005
Community Enterprise.....	January 14, 2005
Housing Assistance (Innovative Housing Only).....	February 4, 2005
Economic Development Program.....	February 11, 2005
(May 13 and August 19 application deadlines.....	May 13, 2005
are based upon availability of funds).....	August 12, 2005
Non-Profit Development Grants.....	January 14, 2005
Community Planning.....	March 4, 2005
.....	August 5, 2005
Urgent Need	1st come basis beginning March 4, 2005
Public Service.....	April 8, 2005
Interim Financing Program.....	Open
Project Development Phase Planning Grants.....	Open

G. PROGRAM BUDGET

FY 2005 CDBG Budget		\$16,859,633
Administration		437,193
Technical Assistance Administration		168,596
Regional Council Technical Assistance		124,500
Special Projects Matching Fund		279,344
Lead Hazard Control Fund		200,000
1. Housing Assistance Grants		
Housing Rehabilitation *		1,500,000
Innovative Housing		800,000
2. Home Repair Network Program		700,000
3. Public Infrastructure Grants		3,400,000
4. Public Facilities Grants		1,700,000
5. Public Service Grants		200,000
6. Downtown Revitalization Grants		1,000,000
7. Community Enterprise Grants		750,000
8. Urgent Need Grants		100,000
9. Economic Development Program		2,500,000
Business Assistance Grant Category		
Development Fund Loan Category **		
Pine Tree Development Zones Set Aside		2,500,000
10. Non-Profit Development Grants		250,000
11. Interim Financing Program ***		
12. Section 108 Loan Program ****		
13. Community Planning	Round 1 – March 4, 2005	100,000
	Round 2 – August 5, 2005	100,000
14. Project Development Phase Planning Grants		50,000

*This program is only available in 2005 for the following communities: Amity, Bucksport, Caribou, Van Buren, and Waterville.

** The Development Fund Program will utilize only repayments from prior DF loans to fund future DF Program applications.

*** The Interim Financing Program is available on an as needed basis. Funds are loaned against unexpended CDBG program funds at any given point with a 100% guarantee of repayment for a period of not more than 6 months.

**** If the DECD application to HUD for the Section 108 Loan Program is approved, the 2005 Final Program Statement will be amended to include a description of the method for distribution and use of loan repayments to DECD.

H. THRESHOLD CRITERIA AND REGULATIONS FOR THE CDBG PROGRAM

The following state and federal regulations **APPLY TO ALL PROGRAMS**

1. Federal and State Certification for Local Governments:

All communities applying for CDBG funds must certify that they will:

- Minimize displacement and adhere to a locally adopted displacement policy in compliance with section 104(d) of the Act;
- Take action to affirmatively further fair housing and comply with the provisions of Civil Rights Acts of 1964 and 1968;
- Not attempt to recover certain capital costs of improvements funded in whole or in part with CDBG funds;
- Establish a community development plan;
- Meet all required State and Federal public participation requirements;
- Comply with the Federal requirements of Section 319 of Public Law 101-122 regarding government-wide restriction on lobbying;
- With the exception of administrative or personnel costs, verify that no person who is an employee, agent, consultant, officer, elected officer, or appointed official of State or local government or of any designated public agencies, or subrecipients which are receiving CDBG funding may obtain a financial interest or benefit, have an interest in or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect to CDBG activities; and
- Review the project proposed in the application to ensure it complies with the community's comprehensive plan and/or applicable state and local land use requirements.

2. General Requirements:

(a) Prohibition on Multiple Grants: Except for the Economic Development Program (EDP), eligible applicants may not apply for, or benefit from, more than one grant per program category in any grant year. Communities participating in multi-jurisdictional applications may submit their own applications for the same program as long as they demonstrate that there will not be a duplication of program activity/benefit.

Eligible applicants applying on behalf of a Maine Indian Tribe are permitted to apply in the same 2005 CDBG funding category as long as the eligible applicant will not directly benefit from the tribal CDBG project.

(b) Prohibition on Subsequent Year Award: Except for the Economic Development Program (EDP) and designated Public Infrastructure Grant

Program (PI) activities, units of general local government and Unorganized Territory that benefited from a 2004 award may not apply again in that specific program until the 2006 program. PI grantees in Activity Group Number 1, as listed in Section 2. D. 3. (a) (1) on Page 21 of this Statement may apply for grants in consecutive years to complete the same project.

(c) Special Prohibition for Housing Rehabilitation Grantees: Beginning with the 2004 CDBG program all applicants awarded a Housing Rehabilitation grant may not apply again for Housing Rehabilitation funds for a three (3) year period. **Applicants awarded a Housing Rehabilitation grant may not apply in the Innovative Housing Category for a two (2) year period.**

(d) Restriction of Grant Awards: OCD may deny or restrict the award of grants to communities with outstanding audit(s), monitoring findings, or a record of administrative misconduct.

(e) Past Performance: In order to be eligible to apply for a 2005 Community Development Block Grant program, communities that received CDBG grants in or prior to 2001 must have finally closed out their grants prior to application due date. Communities that received CDBG grants in 2002 must have conditionally closed their grants prior to application due date. Communities that received CDBG grants in 2003 must have expended 50% of their benefit activity funds prior to application due date. Communities that received 2004 CDBG grants must be under contract with DECD.

(f) Grant Termination: OCD will terminate a community's grant if progress on the project is not apparent within 6 months from the date of contract signing. The Director of Office of Community Development may grant waivers for cause.

(g) Eligible Activities: Applications will be reviewed to determine that the activities proposed are eligible under Section 105(a) of the Act. Ineligible activities will not be considered.

(h) Project Benefit: Applications will be reviewed to verify that the proposed activities meet at least one of the CDBG Program national objectives pursuant to section 104(b) 3 of the Act. If the activity does not meet a national objective the application will not be considered for funding.

(i) Repayment of Grant Funds: Recipients must repay on demand to the State of Maine all funds expended if program benefits are not achieved as specified in their contract with the DECD.

(j) Changes in Title 30-A, Subsection 4349-A as amended by PL 776: Significant changes were made to the "Growth Management Act" by the 119th Legislature that affect the award of CDBG grants after January 1, 2001. OCD will provide information separate from the Program Statement outlining these changes and their impact on the award of CDBG grants for "growth related capital investments" as defined in the statute.

(k) Preference for Communities: In accordance with MRSA Title 30-A subsection 4349-A (3), OCD is required to give preference in the award of grants

to capital investments defined as “growth related” in subsection 4301(5-B) to communities with certified growth management programs or that have adopted a comprehensive plan and implementation strategy consistent with the goals and guidelines of the subchapter. A municipality that does not obtain a certificate or finding of consistency within 4 years after receipt of the first installment of a financial assistance grant or rejection of an offer of financial assistance will receive a low priority.

3. Eligible Applicants:

All units of general local government in Maine, including plantations, except for the entitlement communities of Auburn, Bangor, Lewiston, South Portland and Portland are eligible to apply for and receive State CDBG program funds. The City of Biddeford will also be ineligible if it gains status as an entitlement community for the 2005 CDBG program. County governments may apply on behalf of the Unorganized Territory. Groups of local governments may apply for multi-jurisdictional or joint projects. Multi-jurisdictional applications require designation of one local government as the lead applicant and consent for that designation by each participating local government. Counties may apply for the Economic Development or Public Service programs on behalf of a collaboration of communities. **Eligible applicants as defined above may apply for CDBG assistance on behalf of the five Maine Indian Tribes. Maine Indian Tribes are not themselves eligible applicants.**

4. Scoring Applications:

Applicants will be placed in rank order from highest to lowest according to the final scores determined by the OCD Review Team. All program applications with the exception of the Economic Development Program, Special Project Matching Fund, Urgent Need Grants and Non-Profit Development Grants will be scored on a 100-point maximum scoring basis with allowance for bonus points where applicable. Dropping the lowest and highest scores assigned by members of the 5-person OCD Review Team, averaging the remaining scores and adding any applicable bonus points will determine final scores. Starting at the top of the scoring list, applicants above the minimum required score will be invited to proceed to the Project Development Phase as funds allow. An invitation into the Project Development Phase is not a guarantee of funding or permission to obligate funds. Successful communities will receive an amount determined by the OCD for their project.

5. Project Development Phase:

- (a) Project Planning:** Details of the project including pre-engineering, inspections, cost analysis, feasibility, and/or market studies.
- (b) Management Plan:** Details of the structure and methods established by the community for program management.
- (c) Regulations:** Project Development Phase applications will be reviewed for compliance with State and Federal regulations.
- (d) Project Eligibility:** Verification that proposed activities are eligible under the Act.

- (e) **Project Benefit:** Verification that proposed activities meet one of the CDBG Program national objectives.
- (f) **Environmental Review:** Review of project for compliance with State and Federal environmental regulations.

6. Project Development Phase Timeframe for Completion and OCD Assistance:

The goal of the Project Development Phase is a grant contract for CDBG funds. An OCD Development Program Manager will be assigned to work closely with each community to finalize their project. OCD will rescind the CDBG program award offer if the community is not under contract within six months of the date of the award offer and invitation into the project development phase process. The Director of the Office of Community Development may grant waivers for just cause.

SECTION 2. COMMUNITY DEVELOPMENT

A. HOUSING ASSISTANCE GRANT PROGRAM

The Housing Assistance Grant (HA) Program provides funding to address housing problems of low-and moderate-income persons.

1. **Special Threshold Criteria and Certifications:** Housing Assistance Program (HA) funds will be distributed through a grant application selection process with one eligible funding category in 2005.

- (a) **Special Program Requirement for Housing Rehabilitation**

Applications: Beginning with the 2004 CDBG program, applications for housing rehabilitation will only be accepted every other year. After selection of the successful 2004 housing rehabilitation applicants, the remainder of the applicants that met or exceeded the minimum 80 point total were placed in rank order and starting with the highest, OCD designated those applicants who will be 2005 housing rehabilitation recipients. The recipient communities are Amity, Bucksport, Caribou, Van Buren and Waterville. Final approval of these 2005 recipients is contingent on the amount of the State of Maine 2005 CDBG allotment from HUD. Successful applicants for housing rehabilitation funding will be prohibited from submission of another housing rehabilitation application for 3 program years. **No applications for Housing Rehabilitation will be accepted during the 2005 CDBG program.** Applications for Innovative Housing will continue to be accepted on an annual basis.

- (b) **Eligible Housing Assistance Activities:**

- (i) Eligible activities under Housing Rehabilitation are rehabilitation of occupied or vacant single-family or multi-family housing units, same site replacement housing and relocation assistance.

- (ii) Eligible activities under Innovative Housing Projects include: acquisition, alternative housing, code enforcement, conversion of non-residential structures, demolition, down payment assistance, first time homebuyer's programs, historic preservation, lead based paint removal, new housing construction as allowed by HUD regs, same site replacement housing, provision of potable water or sewer systems, relocation assistance, and removal of architectural barriers and must be directly related to assisting or creating LMI residential housing units.

2. **Housing Assessment Planning Priority:** All communities applying for 2005 Innovative Housing funds who have completed a comprehensive housing assessment study within the past five years which meets OCD requirements will receive a bonus score of 5 points. New plans submitted with applications will be reviewed by OCD prior to scoring. Housing Assessment Plans

deemed incomplete or non-comprehensive will receive no bonus point total. Communities with plans older than five years will be permitted to demonstrate that their plan is either under active implementation and is still valid or has been updated within the past five years. **It is no longer mandatory to submit a Housing Assessment Plan.**

(a) All communities applying for Innovative Housing funds must certify that they will:

(i) Adhere to MRSA Title 10, Chapter 214, Energy Efficiency Building Performance Standards Act, Section 1415-C (1), (1A) and Section 1415-G in the construction of any new residential housing units.

(ii) Provide a cash match of at least 20 percent of the total grant award. This match may consist of all non-CDBG loans, grants, endowments, etc. contributed to the project.

(iii) Adhere to Title 24 CFR Part 35 regarding Lead Based Paint Hazards effective September 15, 2001.

3. Special Program Requirements:

(a) Maximum HA Grant Amount: \$400,000

(b) Maximum Housing Assistance Program Costs: The amount of rehabilitation grants or loans available to participants in the HA Program will be no more than \$20,000 per unit. Additional funds, up to a maximum of \$10,000 may be available in the following cases: replacement housing, Life Safety Code violations, foundation work, inadequate sewage disposal, lack of potable water, removal of lead-based paint, asbestos, radon, or other hazardous material, and accessibility modifications. Except for acquisition/relocation as a combined activity, all other eligible activities under the Innovative Housing Program are limited to a maximum of \$30,000 per unit assisted

(c) Maximum Administrative Costs: The Housing Rehabilitation Assistance program allows expenditures for general and rehabilitation administration. The total general and rehabilitation administration expenditures may not exceed 15% of the grant amount.

(d) Section 8 Housing Quality Standards: All units assisted or created with HA funds must, at a minimum, meet HUD Section 8 Minimum Housing Quality Standards. This does not apply to projects undertaken to correct specific health and safety issues only, i.e. wells, septic, heating units, removal of hazardous materials, etc.

4. Selection Process: The selection process for all Innovative Housing applications will consist of two phases – an application phase and a project development phase. The 2005 Housing Rehabilitation recipient communities of Amity, Bucksport, Caribou, Van Buren and Waterville must complete all required project development tasks.

- (a) **Application:** The maximum length of an application is **five pages, not counting required attachments**. The application deadline for the Innovative Housing program is 4:00PM on February 4, 2005. Each application will be rated in relation to all others in a four-stage process.

Stage 1: Review Team Analysis – Members of the five-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the four scoring areas below and be determined by the total of each sub-scoring area. A maximum of 65 points is obtainable.

(i) **Impact (15 points):**

- *A description of the specific housing problems to be addressed with HA funds – 4 points
- *How the problems were identified – 3 points
- *How these issues affect LMI persons in the community or region – 5 points
- *Past local efforts involving housing projects – 3 points

(ii) **Development Strategy (15 points):**

- *A description of the plan proposed to implement the housing project – 3 points
- *How emphasis will be placed on a community based approach – 3 points
- *Collaborative efforts to be utilized – 3 points
- *Summary of the activities and use of HA funds – 3 points
- *Budget Page review – 3 points

(iii) **Project Leverage (20 points):**

- *How other cash resources (local, state, federal, private) will contribute to completion of the project – 4 points
- *How firm is documentation of the cash commitment – 5 points
- *Matching Funds Table review - 5 points
- *% which firm cash commitments exceed minimum 20%
 - 0% - 15% – 1 points
 - 16% - 30% - 2 points
 - 31% - 50% - 3 points
 - More than 50% – 4 points
- *Establishment of cash value equivalent and direct relationship to project for all in-kind commitments - 2 points

(iv) Citizen Participation (15 points):

*How overall citizen participation process directly relates to identification of solution strategies and application development - 3 points

*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 3 points

*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 3 points

*Involvement of potential LMI project beneficiaries in development of application and project – 3 points

*How attendance, comments, etc. at the required public hearing relate to the application development and citizen participation process – 3 points

Stage 2: Housing Evaluation Factor – Each application will be evaluated in relation to those of similar sized communities and placed in rank order from highest to lowest according to the scores determined by the OCD Review Team. Starting at the top of the scoring list, applicant communities will be grouped in population categories per current Maine Municipal Association information as follows: less than 999; 1000 to 2499; 2500 to 4999; 5,000 to 7,499 and 7,500 and greater. Each application will then be assigned a Housing Evaluation Factor based on the most recent data available in the six areas below. A maximum of 35 points is obtainable.

% Substandard housing – 5 points

% Households spending more than 25% of income for housing – 5 points

% Unemployment in community & % Community unemployment above state average – 5 points

% Community is over State equalized tax rate – 5 points

% Community LMI – 5 points

% Community population below 150% of poverty – 5 points

Stage 3: Housing Assessment Bonus – 5 bonus points will be assigned to each application for which an approved comprehensive housing assessment study has been submitted to OCD.

Stage 4: Final Application Score – Each application will receive a Final Application Score consisting of adding the sum of an average of the five Review Point Totals after dropping the highest and lowest; the Housing Evaluation Factor; and the Housing Assessment Bonus. **A minimum Final Application Score of 80 points** will be required for an application to be considered for funding. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow.

B. HOME REPAIR NETWORK PROGRAM (Limited to the City of Rockland)

The Home Repair Network Program (HRN) provides funding to address housing problems of low- and moderate-income persons by combining CDBG funding with the Maine State Housing Authority and the United States Department of Agriculture Rural Development Program funding. This program will provide housing rehabilitation services administered on a regional basis throughout Maine, except as stated in 1 (b) below.

1. Special Threshold Criteria and Certifications: HRN Program funds will be distributed through a set aside of CDBG funds provided to the City of Rockland as the lead community. The lead community will establish a legally binding contract with each of the seven Maine Community Action Agencies or other entities identified in the Home Repair Network rules that will act as the program administrators. Prior to award of grant funds by OCD, the lead community must complete all Project Development requirements.

(a) Eligible Activities:

(i) Eligible activities under the HRN Program are rehabilitation of occupied or vacant single-family or multi-family housing units, demolition, same site replacement housing, provision of potable water and sewer systems, removal of lead-based paint, asbestos, radon, or other hazardous material, removal of architectural barriers, and relocation assistance.

(b) Housing units ineligible for Home Repair Network assistance:

(i) Housing units located in communities that have current CDBG Housing Rehabilitation programs or the entitlement communities of Auburn, Bangor Lewiston, South Portland and Portland are not eligible for financial assistance under the HRN program. Units in the City of Biddeford will also be ineligible if it gains status as an entitlement community for the 2005 CDBG program.

(c) The lead community must certify that each of the seven designated program administrators will:

(i) Adhere to MRSA Title 10, Chapter 214, Energy Efficiency Building Performance Standards Act, Section 1415-C (1), (1A) and Section 1415-G in the construction of any new residential housing units.

(ii) Provide a match equivalent of 10 percent of the total grant award.

(iii) Adhere to Title 24 CFR Part 35 regarding Lead Based Paint Hazards effective September 15, 2001.

2. Special Program Requirements:

(a) Maximum HRN Grant Amount: \$700,000, with \$100,000 allocated to each of the seven identified regions.

(b) Maximum Home Repair Network Program Costs: The amount of grants or loans available to participants in the HRN Program will be no more than \$20,000 per unit. Additional funds, up to a maximum of \$10,000 may be available in the following cases: replacement housing, Life Safety Code violations, foundation work, inadequate sewage disposal, lack of potable water, removal of lead-based paint, asbestos, radon or other hazardous material, and accessibility modifications. In no case may the maximum of \$30,000 be exceeded.

(i) Maximum Administrative Costs: The HRN Program allows expenditures for general and rehabilitation administration. The total general and rehabilitation administration expenditures may not exceed 12.5% of the grant amount. The City of Rockland may utilize up to \$750.00 in general administrative funds for eligible expenditures under the Single Audit Act.

(c) Section 8 Housing Quality Standards: All units assisted or created with HRN funds must, at a minimum, meet HUD Section 8 Minimum Housing Quality Standards. This does not apply to projects undertaken to correct specific health and safety issues only, i.e. wells, septic, heating units, removal of hazardous materials, etc. In addition, all units must comply with other applicable standards included in the HRN contract.

C. PUBLIC FACILITIES GRANT PROGRAM

The Public Facilities Grant (PF) Program provides gap funding for local public facility activities, which are part of a community development strategy leading to future public and private investments.

1. Special Threshold Criteria and Certifications: PF Program funds will be distributed through an annual grant submission and review process

(a) Eligible Activities: Eligible activities in the PF program are construction, acquisition, reconstruction, rehabilitation, site clearance, historic preservation, and relocation assistance **associated with** public facilities projects.

(b) Match: All communities applying for PF funds must certify that they will provide a cash match of at least 25 percent of the total grant award. This match may consist of all non-CDBG loans, grants, endowments, etc contributed to the project.

2. Program Activities:

Activity Breakdown: Applicants may apply for one or more activities within a specific activity group. Applicants cannot mix activities from different activity groups in an application.

3. Special Program Requirements:

(a) Maximum PF Grant Amounts

<u>Activity Group Numbers</u>	<u>Maximum Amount</u>
1) Fire Stations	\$300,000
2) Community, child, senior, and health centers, libraries sheltered workshops, homeless shelters, pier/wharf	\$300,000
3) Removal of architectural barriers (as a distinct, stand-alone project)	\$100,000
4) Historic preservation (as a distinct, stand-alone project)	\$100,000
5) Fire fighting equipment, salt/sand storage shed transfer station, parks and recreation facilities public works garage, dams	\$ 50,000

(b) Funding Restrictions: PF may not be used for the purpose of job creation/retention or housing activities.

(c) Demonstration of National Objective: Applicants must demonstrate that the project meets the National Objective of 1) benefiting 51% or greater low/moderate income persons or 2) preventing or eliminating slum

or blighting conditions. Census information, a certified target area survey, or an officially adopted declaration of slum/blight conditions conforming to the requirements of MRSA Title 30-A, Chapter 205, 5202 and HUD must be submitted with the application. For spot blight activities documentation must be submitted substantiating the condition of the structure as “blighted.” **This demonstration must be made as part of the application.**

(d) Requirement for Applications for Removal of Architectural Barriers as a Stand Alone Project: Communities seeking to assist any existing facility utilized for the conduct of general local government must be a 51% or more low-to-moderate income community.

(e) Requirements for Applications for Historic Preservation as a Stand Alone Project: Applicants must submit with the application a letter from the State Historic Preservation Officer endorsing the proposed project and certifying that the facility is currently on or eligible for inclusion on, the National Register of Historic Places.

(f) Priority for Public Facilities Projects: Regional Service Centers and Contiguous Census Designated Places and Compact Urban Areas Designated as Regional Service Centers and activities supporting the revitalization of downtown areas will be given priority during the evaluation and selection process for awarding PF program funds. Lists of all service center communities are available from the State Planning Office or OCD.

4. Selection Process: The selection process will consist of two phases: an application phase and a project development phase.

(a) Application: The application deadline for the PF Program is 4:00PM on December 10, 2004. Each application will be rated in relation to all others in a three-stage process.

Stage 1: Review Team Analysis – Members of the five-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the four scoring areas below and be determined by the total of each sub-scoring area. A maximum of 70 points is obtainable.

(i) Impact (15 points):

*A description of the why the project is necessary – 3 points

*Conditions warranting new construction or renovations, including health and safety concerns– 4 points

*How these conditions affect LMI persons in the community or region – 4 points

*Size and make up of user base of facility – 2 points

*Why PF funds are necessary for project – 2 points

(ii) **Development Strategy (20 points):**

*A description of the new or renovated facility, including size, design factors, alleviation of health and safety factors, utilities and location – 5 points

*Specific use of PF funds – 3 points

*Positive effect on LMI persons – 3 points

*Project timeline, engineering or architectural work completed to date and how PF funds will be expended in a timely manner – 6 points

*Budget Page review – 3 points

(iii) **Project Leverage (20 points):**

*How other cash resources (local, state, federal, private) will contribute to completion of the project – 4 points

*How firm is documentation of the cash commitment – 5 points

*Matching Funds Table review - 5 points

*% which firm cash commitments exceed minimum 25%

0% - 15% – 1 points

16% - 30% - 2 points

31% - 50% - 3 points

More than 50% – 4 points

*Establishment of cash value equivalent and direct relationship to project for all in-kind commitments - 2 points

(iv) **Citizen Participation (15 points):**

*How overall citizen participation process directly relates to identification of solution strategies and application development - 3 points

*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 3 points

*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 3 points

*Involvement of potential LMI project beneficiaries in development of application and project – 3 points

*How attendance, comments, etc. at the required public hearing relate to the application development and citizen participation process – 3 points

Stage 2: Community Evaluation Factor – Each application will be evaluated in relation to those of similar sized communities and placed in rank order from highest to lowest according to the scores determined by the OCD Review Team. Starting at the top of the

scoring list, applicant communities will be grouped in population categories per current Maine Municipal Association information as follows: less than 999; 1000 to 2499; 2500 to 4999; 5,000 to 7,499 and 7,500 and greater. Each application will then be assigned a Community Evaluation Factor based on the most recent data available in the five areas below. A maximum of 30 points is obtainable.

% Households spending more than 25% of income for housing
– 6 points

% Unemployment in community & % Community unemployment
above state average – 6 points

% Community is over State equalized tax rate – 6 points

% Community LMI – 6 points

% Community population below 150% of poverty – 6 points

Stage 3: Final Application Score – Each application will receive a Final Application Score consisting of adding the sum of an average of the five Review Point Totals after dropping the highest and lowest and the Community Evaluation Factor. **A minimum Final Application Score of 80 points** will be required for an application to be considered for funding. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow.

D. PUBLIC INFRASTRUCTURE GRANT PROGRAM

The Public Infrastructure Grant (PI) Program provides gap funding for local infrastructure activities, which are part of a community development strategy leading to future public and private investments.

1. Special Threshold Criteria and Certifications: PI Program funds will be distributed through an annual grant application submission and review process.

(a) Eligible Activities: Eligible activities in the PI program are construction, acquisition, reconstruction, installation, relocation assistance associated with public infrastructure, and infrastructure in support of new affordable LMI housing construction.

(b) Match: All communities applying for PI funds must certify that they will provide a cash match of at least 25 percent of the total grant award. This match may consist of all non-CDBG loans, grants, endowments, etc contributed to the project.

2. Program Activities:

Activity Breakdown: Applicants may apply for one or more activities within a specific activity group. Applicants cannot mix activities from different activity groups in an application.

3. Special Program Requirements:

(a) Maximum PI Grant Amounts

<u>Activity Group Numbers</u>	<u>Maximum Amount</u>
1) Water system installation/improvements, sewer system installation/improvements, water/sewer system hookups, storm drainage, utility infrastructure (Road or street reconstruction is not eligible)	\$500,000
2) Infrastructure in support of new LMI affordable housing	\$500,000
3) Streets/roads/sidewalks, parking, curbs, gutters	\$200,000

(b) Funding Restrictions: PI funds may not be used to assist infrastructure for the purpose of job creation/retention. Job creation/retention infrastructure activities are eligible in the Economic Development Infrastructure Grant program. With the exception of proposals for infrastructure in support of new housing construction and sewer/water system hookups, no housing activities may be assisted with PI funds.

(c) Demonstration of National Objective: Applicants must demonstrate that the project meets the National Objective of 1) benefiting 51% or greater low/moderate income persons or 2) preventing or eliminating slum or blighting conditions. Census information, a certified target area survey, or an officially adopted declaration of slum/blight conditions conforming to the requirements of MRSA Title 30-A, Chapter 205, 5202 and HUD must be submitted with the application. **This demonstration must be made as part of the application.**

(d) Priority for Public Infrastructure Projects: Regional Service Centers and Contiguous Census Designated Places and Compact Urban Areas Designated as Regional Service Centers and activities supporting the revitalization of downtown areas will be given priority during the evaluation and selection process for awarding PI program funds. Lists of the service center communities are available from the State Planning Office or OCD.

4. Selection Process: The selection process will consist of two phases: an application phase and a project development phase.

(a) Application: The application deadline for the PI Program is 4:00PM on December 10, 2004. Each application will be rated in relation to all others in a three-stage process.

Stage 1: Review Team Analysis – Members of the five-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the four scoring areas below and be determined by the total of each sub-scoring area. A maximum of 70 points is obtainable.

(i) Impact (15 points):

*A description of the why the project is necessary, including health and safety concerns – 4 points

*How the project was prioritized locally, including studies, testing, and citizen concerns – 3 points

*How these conditions affect users, including LMI persons in the community or region – 4 points

*Size and make up of user base and target area of projected infrastructure project – 2 points

*Why PI funds are necessary for project – 2 points

(ii) Development Strategy (20 points):

*A description of the new or replacement infrastructure, including size, design factors, alleviation of health and safety factors and location – 5 points

*Specific use of PI funds – 3 points

*Positive effect on users, particularly LMI persons – 3 points

* Project timeline, engineering and design work completed to date and how PI funds will be expended in a timely manner – 6 points

*Budget Page review – 3 points

(iii) Project Leverage (20 points):

*How other cash resources (local, state, federal, private) will contribute to completion of the project – 4 points

*How firm is documentation of the cash commitment – 5 points

*Matching Funds Table review - 5 points

*% which firm cash commitments exceed minimum 25%

0% - 15% – 1 points

16% - 30% - 2 points

31% - 50% - 3 points

More than 50% – 4 points

*Establishment of cash value equivalent and direct relationship to project for all in-kind commitments - 2 points

(iv) Citizen Participation (15 points):

*How overall citizen participation process directly relates to identification of solution strategies and application development - 3 points

*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 3 points

*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 3 points

*Involvement of potential LMI project beneficiaries in development of application and project – 3 points

*How attendance, comments, etc. at the required public hearing relate to the application development and citizen participation process – 3 points

Stage 2: Community Evaluation Factor – Each application will be evaluated in relation to those of similar sized communities and placed in rank order from highest to lowest according to the scores determined by the OCD Review Team. Starting at the top of the scoring list, applicant communities will be grouped in population categories per current Maine Municipal Association information as follows: less than 999; 1000 to 2499; 2500 to 4999; 5,000 to 7,499 and 7,500 and greater. Each application will then be assigned a Community Evaluation Factor based on the most recent data available in the five areas below. A maximum of 30 points is obtainable.

% Households spending more than 25% of income for housing – 6 points

% Unemployment in community & % Community unemployment above state average – 6 points

% Community is over State equalized tax rate – 6 points

% Community LMI – 6 points

% Community population below 150% of poverty – 6 points

Stage 3: Final Application Score – Each application will receive a Final Application Score consisting of adding the sum of an average of the five Review Point Totals after dropping the highest and lowest and the Community Evaluation Factor. **A minimum Final Application Score of 80 points** will be required for an application to be considered for funding. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow.

E. PUBLIC SERVICE GRANT PROGRAM

The Public Service Grant (PSG) Program addresses community resource needs by providing funding for operating expenses, equipment, and program materials for public service programs which will benefit low/moderate income (LMI) persons.

1. Special Threshold Criteria and Certifications: PSG Program funds will be distributed through an annual grant application selection process.

(a) Eligible Activities: Eligible activities include operating and program material expenses for child care, health care, job training, recreation programs, education programs, public safety services, fair housing activities, senior citizen services, homeless services, drug abuse counseling and treatment, and energy conservation counseling and testing. Structural changes such as construction, renovation, or rehabilitation are not eligible for PSG funding.

(b) Project Benefit: Eligible PSG projects provide benefits to a specific group of persons and not everyone in the service area. The clientele of PSG projects are limited to:

(i) Persons who are members of the following groups that are currently presumed by HUD to meet benefit requirements. The presumption may be challenged if there is substantial evidence the group served by the project is most likely not comprised of principally LMI persons.

- Abused Children
- Battered Spouses
- Elderly Persons
- Severely Disabled Adults
- Homeless Persons
- Illiterate Adults
- Migrant Farm Workers
- Persons Living with AIDS

- OR -

(ii) Participants in a program designed to limit the PSG funded benefit exclusively to those determined to be LMI persons for the twelve-month period prior to receiving program benefit.

(c) All communities applying for PSG funds must certify that:

(i) The public service represents a new service to the community; or a quantifiable increase in the level of an existing service;

(ii) A match equivalent of 20 percent of the total grant award will be provided; and,

(iii) The activity will meet the need **or** will continue after PSG funding is expended.

2. Special Program Requirements:

(a) **Maximum PSG Amount:** \$50,000

3. Selection Process: The selection process will consist of two phases – an application phase and a project development phase.

(b) **Application:** The maximum length of an application is **five pages, not counting required attachments**. The application deadline for the PSG program is 4:00PM on April 8, 2005. Each application will be rated in relation to all others in a three-stage process.

Stage 1: Review Team Analysis – Members of the five-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the four scoring areas below and be determined by the total of each sub-scoring area. A maximum of 70 points is obtainable.

(i) **Impact (15 points):**

*A description of the scope, magnitude and severity of the identified problems – 3 points

*Past effort to deal with the identified problems – 3 points

*Conditions requiring a new or expanded service – 3 points

*Issues faced by service providers including capacity, finances and staffing – 3 points

*Why PSG funds are critical for the project – 3 points

(ii) **Development Strategy (20 points):**

*A description of the new or expanded service, specific use of PSG funds, including how this service will resolve identified problems, and why this service will be more effective than existing services for the targeted beneficiaries – 4 points

*How PS funds will be utilized solely to assist LMI persons or a HUD approved Limited Clientele group – 3 points

*Project timeline, including a start date, tasks completed to date and how PSG funds will be expended in a timely manner – 4 points

*Capacity and qualifications of the service provider implementing the project, including familiarity with the needs of project beneficiaries, and the experience of the overall PSG grant administrator – 3 points

*Budget Page review – 3 points

*How the public service established or expanded with PSG funding will continue after the PSG funding ends, or there will no longer be a need for these services after the PSG program ends – 3 points

(iii) Project Leverage (20 points):

*How other cash resources (local, state, federal, private) will contribute to completion of the project – 3 points

*How firm is documentation of the cash commitment – 3 points

*Matching Funds Table review - 5 points

*% which all firm commitments exceed minimum 20%

0% - 15% – 1 points

16% - 30% - 2 points

31% - 50% - 3 points

More than 50% – 4 points

*Establishment of cash value equivalent and direct relationship to project for all in-kind commitments - 5 points

(iv) Citizen Participation (15 points):

*How overall citizen participation process directly relates to identification of solution strategies and application development - 3 points

*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 3 points

*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 3 points

*Involvement of potential LMI project beneficiaries in development of application and project – 3 points

*How attendance, comments, etc. at the required public hearing relate to the application development and citizen participation process – 3 points

Stage 2: Community Evaluation Factor – Each application will be evaluated in relation to those of similar sized communities and placed in rank order from highest to lowest according to the scores determined by the OCD Review Team. Starting at the top of the scoring list, applicant communities will be grouped in population categories per current Maine Municipal Association information as follows: less than 999; 1000 to 2499; 2500 to 4999; 5,000 to 7,499 and 7,500 and greater. Each application will then be assigned a Community Evaluation Factor based on the most recent data available in the five areas below. A maximum of 30 points is obtainable.

% Households spending more than 25% of income for housing – 6 points

% Unemployment in community & % Community unemployment above state average – 6 points

- % Community is over State equalized tax rate – 6 points
- % Community LMI – 6 points
- % Community population below 150% of poverty – 6 points

Stage 3: Final Application Score – Each application will receive a Final Application Score consisting of adding the sum of an average of the five Review Point Totals after dropping the highest and lowest and the Community Evaluation Factor. **A minimum Final Application Score of 80 points** will be required for an application to be considered for funding. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow.

G. DOWNTOWN REVITALIZATION PROGRAM

The Downtown Revitalization Program (DR) will provide funds to communities to implement comprehensive, integrated, and innovative solutions to the problems facing their downtown districts. These community revitalization projects must be part of a strategy that targets downtown service and business districts and will lead to future public and private investment. Qualified applicant communities must have a downtown district meeting the definition of PL 776 enacted by the 119th legislature.

1. Special Threshold Criteria and Certifications: DR Program funds will be distributed through an annual grant application selection process.

(a) Eligible activities include all those eligible under the Public Facilities, Public Infrastructure, Public Service, Housing Assistance, Community Enterprise, or Economic Development programs as relevant to the revitalization of a downtown district.

(b) Match – All communities applying for DR Program funds must certify that they will provide a cash match equivalent to 25 percent of the total grant award. This match may consist of all non-CDBG loans, grants, endowments, etc. contributed to the project.

2. Special Program Requirements

(a) Planning Requirements: Applicants must have completed a comprehensive downtown revitalization planning process within the past five years. Communities with plans older than five years must demonstrate that their plans are under active implementation, the action plan remains valid, or have been updated within the past 5 years. The proposed DR activities must be in the plan as recommended actions necessary for downtown revitalization.

(b) Maximum DR Award: \$500,000

(i) Bonus Points for Service and Specialized Center Communities: Applicants will receive three bonus points if they have been identified by the State Planning Office as a Regional Service Center or a Contiguous Census Designated Place and Compact Urban Area Designated as Regional Service Center.

(c) Demonstration of National Objective: Applicants must demonstrate that the project meets the National Objective of 1) benefiting 51% or greater low/moderate income persons or 2) preventing or eliminating slum or blighting conditions. Census information, a certified target area survey, or an officially adopted declaration of slum/blight conditions conforming to the requirements of MRSA Title 30-A, Chapter 205, 5202 and HUD must be submitted with the application. **This demonstration must be made as part of the application.**

3. Selection Process – The selection process will consist of two phases: an application phase and a project development phase.

(a) Application: The maximum length of an application is **eight pages, not counting required attachments**. The application deadline for the DR Program is 4:00PM on January 14, 2005. Each application will be rated in relation to all others in a four-stage process.

Stage 1: Review Team Analysis – Members of the five-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the four scoring areas below and be determined by the total of each sub-scoring area. A maximum of 70 points is obtainable.

(i) Impact (15 points):

*Scope and magnitude of identified problems; specific infrastructure, resources or programs that are lacking; and how these problems are obstacles for successful revitalization of the downtown area – 4 points

*How the problems are consistent with those identified in the community's Downtown Action Plan – 2 points

*How the problems affect LMI persons or contribute to slum/blight conditions – 3 points

*How the problems negatively impact the local economy and the viability of existing downtown area businesses or new development and expansion – 4 points

*Why DR funds are necessary for project – 2 points

(ii) Development of Strategy (20 points):

*Specific activities, including location, size and design features to be addressed in this downtown revitalization effort; how these activities address each problem identified; or, if aspects of the Action Plan are identified to be addressed in the future, what are the potential future solutions and possible funding sources – 4 points

*How the proposed activities provide a long-term solution to the identified problems – 2 points

*Specific use of DR funds – 2 points

*Positive effect on LMI persons and/or alleviation of slum/blight conditions – 3 points

* Project timeline; start date; engineering and design work completed to date; involvement of local businesses; who will be implementing the DR project; and how DR funds will be expended in a timely manner – 4 points

*How the DR project will stimulate business in the downtown area and provide for long-term viability – 3 points

*Budget Page review – 2 points

(iii) **Project Leverage (20 points):**

*How other cash resources (local, state, federal, private) will contribute to completion of the project – 4 points

*How firm is documentation of the cash commitment – 5 points

*Matching Funds Table review - 5 points

*% which firm cash commitments exceed minimum 25%

0% - 15% – 1 points

16% - 30% - 2 points

31% - 50% - 3 points

More than 50% – 4 points

*Establishment of cash value equivalent and direct relationship to project for all in-kind commitments - 2 points

(iv) **Citizen Participation (15 points):**

*How overall citizen participation process directly relates to identification of solution strategies and application development - 3 points

*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 2 points

*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 3 points

*Involvement of downtown and local businesses, Chambers of Commerce, development groups or other business related organizations in identification of problems and development of the application and project – 4 points

*How attendance, comments, etc. at the required public hearing relate to the application development and citizen participation process – 3 points

Stage 2: Community Evaluation Factor – Each application will be evaluated in relation to those of similar sized communities and placed in rank order from highest to lowest according to the scores determined by the OCD Review Team. Starting at the top of the scoring list, applicant communities will be grouped in population categories per current Maine Municipal Association information as follows: less than 999; 1000 to 2499; 2500 to 4999; 5,000 to 7,499 and 7,500 and greater. Each application will then be assigned a Community Evaluation Factor based on the most recent data available in the five areas below. A maximum of 30 points is obtainable.

% Households spending more than 25% of income for housing – 6 points

% Unemployment in community & % Community unemployment above state average – 6 points

% Community is over State equalized tax rate – 6 points

% Community LMI – 6 points

% Community population below 150% of poverty – 6 points

Stage 3: Service Center Bonus – 3 bonus points will be assigned to each application submitted by a SPO designated Regional Service Center or a Contiguous Census Designated Place and Compact Urban Area Designated as Regional Service Center.

Stage 4: Final Application Score – Each application will receive a Final Application Score consisting of adding the sum of an average of the five Review Point Totals after dropping the highest and lowest; Community Evaluation Factor and the Service Center Bonus. **A minimum Final Application Score of 80 points** will be required for an application to be considered for funding. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow.

H. COMMUNITY ENTERPRISE GRANT PROGRAM

The Community Enterprise Program (CE) provides grant funds to assist in innovative solutions to problems faced by small or micro-businesses and facilitate good management practices and business facade improvements in downtown and village areas. Assistance to businesses may be in the form of grants or loans at the discretion of the community.

1. **Threshold Criteria and Certifications:** CE Program funds will be distributed through an annual grant application selection process.
2. **Program Activities:** Applicants may apply in more than one of the activity groups listed below but are limited to a total of \$125,000 in CE funds.

(a) Eligible Activities:

(i) Eligible activities under the Micro-Grant/Loan-Micro-Enterprise Grant/Loan category are grants or loans to for-profit or non-profit businesses.

(ii) Eligible activities under the Business Façade Grants and Streetscapes category for Façade Grants are: grants to for-profit or non-profit businesses for exterior improvements, including signage, painting, siding, awnings, lighting, display windows and other approved exterior improvements. **Interior improvements are not allowed.** Eligible activities for Streetscapes are: pocket parks, benches, street lighting, tree plantings, signage, traffic calming improvements, sidewalks and other approved improvements. **Sewer, water, storm drainage, parking, roads or streets and other infrastructure improvements are not eligible. All streetscape improvements must take place on public property.**

3. Special Program Requirements:

(a) Maximum CE Grant Amount

<u>Activity Group Numbers</u>	<u>Maximum Amount</u>
1) Micro-Grant/Loan-Micro-Enterprise Grant/Loan	\$100,000
2) Business Façade Grants & Streetscapes	\$125,000

(b) Maximum Amount of Community Enterprise Grant/Loan Assistance to Businesses:

(i) Micro-Grant/Loan-Micro-Enterprise Grant/Loan: \$25,000

(ii) Business Façade Grant: \$25,000

(c) Project Benefit:

(i) Micro Grant/Loan: At a minimum, 51% of the jobs created or retained as a result of the MG/L project must be taken by persons of low and moderate income. Jobs created/retained must be in the community applying for the MG/L, be new jobs to that community, and not be associated with any other branches of the assisted business located in another community. Transfer positions cannot be counted toward the job creation/retention requirements in the community applying for MG/L assistance. **In the event that job creation requirements are not met, the applicant community will be responsible for immediate repayment of all CDBG funds to the State.**

(ii) Micro-Enterprise Grant/Loan: Existing or developing businesses that have, or will have five or fewer employees, one of whom owns the enterprise, and whose family income is LMI will meet the project benefit. Employees are not considered in meeting project benefit.

(iii) Business Facade Grants: Project benefit will be met when exterior improvements and signage on an existing business take place in a designated slum/blight area, or documentation exists that a business qualifies under a spot blight basis.

(iv) Streetscapes: Project benefit will be met when streetscapes take place in a designated slum/blight area or the applicant community where the project will take place is 51% or greater LMI as determined by HUD and the U.S. Census.

4. Special Micro Grant/Loan Category Requirements:

(a) Necessary and Appropriate: All grants/loans made from the Micro-Grant/Loan activity Group to for-profit businesses must be for projects that are necessary and appropriate as defined by HUD. Documentation must be provided that the project cannot proceed without MG/L assistance.

(b) Micro Loan Program Income: Grantees who demonstrate demand for additional Micro-Loan Activity Group eligible loans will be able to capitalize a ML revolving loan fund with their ML loan repayments.

5. Selection Process: The selection process will consist of two phases; an application phase and a project development phase.

(a) Application: The maximum length of an application is **five pages, not counting required attachments**. The application deadline for the CE Program is 4:00PM on January 14, 2005. Each application will be rated in relation to all others in a three-stage process.

Stage 1: Review Team Analysis – Members of the five-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of

the four scoring areas below and be determined by the total of each sub-scoring area. A maximum of 70 points is obtainable.

(i) Impact (25 points):

*Scope and magnitude of identified problems; and how these problems are obstacles for successful revitalization of the village or downtown area – 7 points

* Why CE funds are necessary for the project; why other grant or loan funds are not available locally to assist businesses or local government with their development and site improvement needs – 6 points

*How the problems affect LMI persons and/or contribute to slum/blight conditions – 6 points

*How the problems negatively impact the local economy and the viability of existing downtown or village area businesses or new development and expansion – 6 points

(ii) Development of Strategy (25 points):

*Specific activities, including location, size and design features to be addressed in this application; specific use of CEG funds – 6 points

*Identification and description of potential business grant/loan applicants and their current needs; or how areas in need of streetscape improvements were identified and prioritized – 4 points

* Project timeline; activities or actions completed to date; capacity and related experience which will enable the applicant to market and conduct a grant/loan program or streetscape improvement effort; and how CEG funds will be expended in a timely manner – 7 points

*How the CEG project will stimulate business in the downtown or village area and provide for long-term viability – 4 points

*Positive impact on LMI persons and/or or alleviation of slum/blight conditions – 4 points

(iii) Citizen Participation (20 points):

*How overall citizen participation process directly relates to identification of solution strategies and application development - 4 points

*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 4 points

*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 4 points

*Involvement of downtown and local businesses, Chambers of Commerce, development groups or other business related organizations in identification of problems and development of the application and project – 4 points

*How attendance, comments, etc. at the required public hearing relate to the application development and citizen participation process – 4 points

Stage 2: Community Evaluation Factor – Each application will be evaluated in relation to those of similar sized communities and placed in rank order from highest to lowest according to the scores determined by the OCD Review Team. Starting at the top of the scoring list, applicant communities will be grouped in population categories per current Maine Municipal Association information as follows: less than 999; 1000 to 2499; 2500 to 4999; 5,000 to 7,499 and 7,500 and greater. Each application will then be assigned a Community Evaluation Factor based on the most recent data available in the five areas below. A maximum of 30 points is obtainable.

% Households spending more than 25% of income for housing – 6 points

% Unemployment in community & % Community unemployment above state average – 6 points

% Community is over State equalized tax rate – 6 points

% Community LMI – 6 points

% Community population below 150% of poverty – 6 points

Stage 3: Final Application Score – Each application will receive a Final Application Score consisting of adding the sum of an average of the five Review Point Totals after dropping the highest and lowest; Community Evaluation Factor and the Service Center Bonus. **A minimum Final Application Score of 80 points** will be required for an application to be considered for funding. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow.

I. URGENT NEED GRANT PROGRAM

The Urgent need Grant (UN) Program provides funding to communities to address serious and immediate threats to health and welfare which are declared state or federal disasters.

1. Special Threshold Criteria and Certifications:

(a) Project Eligibility: Pursuant to Section 104 (b) 3 of the Housing and Community Development Act of 1974, as amended, the applicant must address a community development need which:

(i) poses a serious and immediate threat to the health or welfare of the community;

(ii) originated or became a direct threat to public health and safety no more than 18 months prior to submission of the application;

(iii) is a project the applicant cannot finance on its own. "Cannot finance on its own" means, that the town's tax burden, regulatory structure, utility user fees, bonding capacity, or previous or existing budgetary commitments, precludes it from assuming the additional financial obligation needed for this project; and

(iv) cannot be addressed with other sources of funding.

2. Special Program Requirements:

(a) Necessary Documentation: The emergency situation must require immediate action to alleviate the serious and imminent threat of injury or loss of life resulting from a natural or man-made cause.

(b) State or Federal Declaration of Disaster: The applicant must submit documentation that the project to be assisted with UN funds will take place in an area that has received a state or federal declaration of disaster. In addition, the activities to be assisted must be a direct result of the event leading to the declaration.

(c) Application Submittal: Applicants must submit a complete UN application that includes all required information and documentation.

(d) Maximum UN Grant Amount: The lesser amount of 50% of the total project cost or \$100,000.

3. Selection Process: The selection process will consist of two phases: an application phase and a project development phase.

Application: An UN application must include the following:

(a) documentation that the emergency situation was prompted by natural or man-made causes that pose an imminent threat of injury or loss of life;

- (b) certification that the proposal is designed to address an urgent need and an immediate response is required to halt the threat of injury or loss of life;
- (c) information regarding when the urgent need condition occurred or developed into a threat to health and safety;
- (d) evidence confirming the applicant is unable to finance implementation on its own; and,
- (e) documentation that other financial resources are not available to implement the proposal.
- (f) a copy of a state or federal declaration of disaster.

Phase II Project Development: Prior to consideration of a grant award, all UN proposals must meet the four Threshold criteria and the Special Program requirements. Project Development Phase applications must comply with the following:

- (a) **Project Planning:** Details of the project including engineering, cost analysis, feasibility, and structural analysis as necessary.
- (b) **Management Plan:** Details of the structure and methods established by the community for program management.
- (c) **Regulations:** Project Development Phase applications will be reviewed for compliance with State and Federal regulations.

4. Approval Process: The UN funds will be available beginning **March 4, 2005. Applications will be accepted on a first-come first-served basis.** Following receipt of an application, OCD shall review the application and verify that it contains all the required information. Notification to the applicant of the Director, Office of Community Development's decision will initiate the Project Development Phase process necessary for contract award.

SECTION 3. ECONOMIC DEVELOPMENT

A. ECONOMIC DEVELOPMENT PROGRAM

Funds for economic development activities are provided to communities as **gap** funding to assist businesses in the creation/retention of jobs for low-and moderate-income persons. The Economic Development Program (EDP) offers the following two categories:

1. Business Assistance Grant Category (BA)

Activity Group 1 – Non-Municipal owned

(a) Grants for **gap** financing to assist specified businesses to create or retain jobs for low and moderate-income persons; or

Activity Group 2 – Municipal owned

(a) Grants to Maine communities for **gap** financing to develop or rehabilitate public infrastructure or facilities that is essential for the location or expansion of specified business and industry.

(b) Grants for **required** local match to conduct eligible economic development planning activities.

2. Development Fund Loan Category (DF)

(a) Loans for **gap** financing to assist specified businesses to create or retain jobs for low and moderate-income persons.

1. Threshold Criteria:

(a) Project Benefit: Except for eligible economic development planning activities, projects must document that at a minimum, 51% of all jobs created or retained as a result of the project must be taken/held by persons of low and moderate income as defined by HUD. Jobs created/retained must be in the community applying for the EDP award, be new jobs to that community, and not be associated with any other branches of the assisted business located in another community. Transfer positions cannot be counted toward the job creation/retention requirements. **In the event that job creation requirements are not met, the applicant community will be responsible for immediate repayment of all CDBG funds to the State.**

(b) Cost Per Job: The maximum cost per job created or retained with EDP funds in a non Pine Tree Development Zone is \$20,000. The maximum cost per job created or retained with EDP funds for eligible Pine Tree Development Zone applicants is \$30,000.

(c) Eligible Activities: The eligible activities for each program category are as follows:

<u>Category 1 - Business Assistance Grant (BA)</u>	Maximum Award
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Activity Group 1 - Non-Municipal Owned

- | | |
|---|-----------|
| 1) Rehabilitation of commercial or industrial buildings, structures, capital equipment, and real property improvements. | \$400,000 |
| 2) Non-capital equipment and operating capital | \$200,000 |

Activity Group 2 - Municipal owned

- | | |
|--|-----------|
| 1) Acquisition, relocation, demolition, clearance, construction, reconstruction, installation, and rehabilitation <u>associated with</u> public infrastructure projects such as water and sewer facilities, flood and drainage improvements, publicly-owned commercial and industrial buildings, parking, streets, curbs, gutters, sidewalks, etc. which are necessary to create or retain jobs in the non-retail private sector for low and moderate income persons. | \$400,000 |
| 2) Required local match necessary to secure new funds to the State for eligible economic development planning activities. | \$ 50,000 |

Category 2 - Development Fund Loan (DF)

- | | |
|--|-----------|
| 1) Acquisition, or installation of commercial or industrial buildings, and site improvements. DF program funds cannot be used to refinance existing debt. | \$250,000 |
|--|-----------|

2. Program Requirements:

(a) EDP Application Due Dates: 4:00PM on February 11, 2005, May 13, 2005 and August 12, 2005

(b) Necessary and Appropriate: EDP assistance to a business must be for projects that are necessary and appropriate. The application must describe the need for program assistance, reasonableness of the amount requested, the repayment plan (DF only), and assurance that the assistance provided is commensurate with the community benefits that will accrue from the project. **Documentation must be provided that the project cannot proceed without program participation and that program funds provide gap financing.**

(c) Agreement to Participate and Benefit Certification: The business and the applicant community must submit signed documentation agreeing to

participate in the EDP program, to comply with all program requirements and to complete the Job Creation/Retention Agreement.

(d) Maximum % of EDP Assistance and Matching Funds Requirements:

- (i) For non-municipal owned BA and DF activities, the program application must present a financing plan for a project in which the request comprises the lesser of the maximum award amount or 50% of the total project cost. Project activities and use of funds to calculate the non-program financing must represent a new investment or a new project. The financing necessary to support at least 50% of the total project cost must be firm commitments from non-CDBG funds and must be documented by binding commitment letters submitted with the application. In addition, for municipal owned BA activities, the community must provide a minimum cash match of 20 percent of the total BA award. This match must be directly related to the BA infrastructure portion of the project and is in addition to any investment made by the assisted business.
- (ii) For BA eligible planning activities, the community must provide documentation that the amount requested is the lesser of the maximum award amount or the actual match required by the funding agency.

(e) Exclusions: Communities receiving a BA or DF award may not receive any other EDP award for the same project or business during the same program year.

(f) EDP Projects in Support of Retail Businesses: OCD may accept an EDP application in support of a retail business activity only under the following limited conditions:

- (i) The retail business represents the provisions of new products and services previously unavailable in the community or is a tourism-related business.
- (ii) The development or expansion of the retail business represents a net economic gain for the community and the region. Applications supporting a retail business or businesses are required to certify that the development represents a new overall gain for the region economy and not a shift from existing established businesses to a new or expanded one; and
- (iii) The retail business is located in either a downtown district meeting the definition of PL 776 enacted by the 119th legislature; or a designated local growth area contained in an adopted and consistent comprehensive plan; and
- (iv) At least 50% of the jobs created by the retail business must be full time jobs.

(g) DF Program Specific Requirements:

- (i) **Loan:** The DF program is a grant to the unit of general local government. The recipient must use the funds as a loan to the identified business. The loan must be provided under the terms stated in a DF Program Letter of Commitment and the contract between DECD and the community.
- (ii) **Repayment Terms:** Justification for the repayment terms relate to filling the financing gap, identifying the rate of return allowed through the repayment terms, or specifying the locational cost differentiations and the benefit derived from the assistance. The normal interest rate will be 5% however, a special interest rate of 2% will be available for projects located in a downtown area as defined in PL 776 enacted by the 119th legislature.

3. Selection Process: The selection process will consist of two phases, an application phase and a project development phase. EDP applications will be evaluated as a viable business proposal or eligible planning activity. Each EDP application will be rated in relation to all others. The total points from the Problem, Solution, Citizen Participation, Commitment and Numerical Analysis will be used to determine the score for each application. Applications will be placed in rank order from highest to lowest.

Applications scoring more than 95 points will be given first consideration from the top of the list and continuing downward until the allocation for the EDP funding round is exhausted. The following criteria will be considered during the application phase:

- a. **Problem (10 points)** Describe the problem facing the community/business as it relates to job creation/retention activities and document why the community/business is unable to finance the proposed project on its own, or with assistance from other sources.
- b. **Solution (10 points)** Describe the activities that will be undertaken with EDP funds to resolve the stated problem/need; how the project will proceed to completion within 12 months from the date of a contract award with DECD; and the effect the project will have on the ability of the business to create/retain quality jobs for LMI persons.
- c. **Citizen/Business Participation (10 points)** Describe the involvement of the specific business and the general citizenry in this application process.
- d. **Commitment (10 points)** Describe all sources of funding that have been sought for this specific project and if not secured, the reason why. Provide documentation for all funding secured for this project.
- e. **Numerical Analysis (95 points)** Based on an analysis of the following factors:
 - (i) **Strategy Priority (5 points)** Does the activity support the State's economic development strategy.

(ii) Natural Resource Based (10 points) Does the activity support a natural resource based industry (5 pts). Does the activity provide value added products derived from natural resource based industries (5 pts).

(iii) Project Significance (80 points) For this section, each application will be evaluated in relation to those of similar sized communities. Applicant communities will be grouped in population categories per current Maine Municipal Association information as follows: less than 999; 1000 to 2499; 2500 to 4999; 5,000 to 7,499 and 7,500 and greater. Scores will be based on a maximum of 10 points in each of the following areas:

- # of jobs to be created/retained
- # of jobs created/retained as % of municipal unemployment
- # of jobs created/retained as % of LMA unemployment
- % community unemployment above state ave.
- % of LMA unemployment above state ave.
- \$'s per job created/retained
- Quality of job created/retained based on wage and fringe
- % non EDP \$'s in project

(f) Project Development Phase: The project development phase will include the following additional information along with required state and federal requirements necessary for final approval.

- (i) Financial/Management Plan:** The application must include a business/management/financial plan as outlined in the application package. Submission will be rated on completeness and soundness of information.
- (ii) Equity:** The proposed program recipient has made an equity commitment to the project, preferably through cash injection. Other substantial participation may substitute for cash equity as determined by the DECD.
- (iii) Repayment - DF Loan:** Loan repayment terms will allow a project to be implemented while providing the maximum and most expeditious return of CDBG DF monies.
- (iv) Chance of Success:** does the proposal demonstrate the following:
 - a market/need exists for the product, service or planning activity;
 - the cost of the product, service or planning activity is competitive in current market conditions;
 - the cash flow projections are adequate to support operating expenses and indebtedness for the business activities;

- management has the capacity to carry out the business or development plan; and
 - no unidentified costs are necessary for implementation.
- (v) **Security DF ONLY:** The proposed loan recipient must present collateral appropriate to secure the DF Loan and indicate a willingness to execute security agreements. The discount collateral coverage ratio is 1:1. In projects involving subsidiary corporations a corporate guaranty must be obtained from the parent corporation. Personal guaranty and/or principal life insurance assignment may be required on a case-by-case basis.
- (vi) **Public Benefit:** The proposal will be evaluated on the basis of the community and economic benefits resulting from the project including the increase in local tax revenue resulting from the project will be evaluated.
- (vii) **Community and Economic Development:** The primary and secondary impacts of the project on the community's current and future economic development will be evaluated.

4. Review Process:

(a) Application: Applications must be submitted on the appropriate dates. BA planning activity applications must not be submitted until an application has been accepted by the appropriate agency (such as EDA) and is working toward a full application. Once submitted, the EDP Application Review Team will evaluate applications using the criteria outlined in the Program Statement and the individual application package. Successful applicants will be invited to proceed into the project development phase. DECD or its designee may conduct a project development, financial and credit analysis for each proposal.

(b) EDP Review Team Recommendations: Following the EDP Review Team evaluation, one of the following recommendations will be made to the Director, Office of Community Development and the DECD Commissioner:

- (i) approval of award under recommended amount and/or terms;
- (ii) rejection with staff recommendations for resubmission or to provide additional information; or,
- (iii) rejection.

B. NON-PROFIT DEVELOPMENT GRANT PROGRAM

The Non-Profit Development Grant Program (NPDG) provides funding for communities forming partnerships with local non-profit development organizations to carry out activities in blighted areas located in designated downtown areas which will foster community economic development initiatives leading to the elimination of slum and blight and increased job opportunities for LMI persons.

1. Special Threshold Criteria and Requirements: NPDG Program funds will be distributed through an annual grant submission and review process

(a) Eligible Activities: Eligible activities in the NPDG Program are demolition, site clearance, structural stabilization, removal of environmental contaminants, installation of security devices, including sprinkler systems and smoke detectors, energy conservation measures, including replacement of heating and cooling equipment, removal of architectural barriers, and replacement of landscape materials, sidewalks and driveways where it is incidental to rehabilitation of the property.

(b) Match: All communities applying for NPDG funds must certify that a cash match of at least 20 percent of the total grant award will be injected into the project activities. This match may consist of all non-CDBG loans, grants, endowments, etc contributed to the project.

(c) Maximum NPDG Grant Amount: \$250,000

(d) Project Implementation: Implementation of all project activities must be carried out by a non-profit development organization that has established a contractual relationship with the applicant community.

(e) Bone-fide Non-Profit Development Organization: NPDG activities may only be carried out by bone-fide non-profit development organizations that meet the Internal Revenue Service definition as a non-profit, **and** are organized under state or local law to carry out community and economic development needs of the applicant community. Examples of bone-fide non-profit development organizations include but are not limited to: Neighborhood-Based Non-Profit Organizations, Local Development Corporations, SBA Section 504 Certified Development Companies, Small Business Investment Companies organized under 15 USC Section 681 and Community Action Agencies.

(f) Ownership of Project Site: The non-profit development organization must own the site on which all NPDG activities will take place.

(g) Demonstration of National Objective: Applicants must demonstrate at the time of application that the project meets the National Objective of preventing or eliminating slum or blighting conditions. An officially adopted declaration of slum/blight conforming to the requirements of MRSA Title 30-A, Chapter 205, 5202 and HUD must be submitted with the application. For spot blight activities documentation must be submitted substantiating the condition of the structure as “blighted.”

2. Selection Process: The selection process will consist of two phases an application phase and a project development phase.

(a) Application: The application deadline for the NPDG Program is 4:00PM on January 14, 2005. The OCD Review Team will rate each application in relation to all others.

(b) Rating Criteria: The following rating criteria will apply to all NPDG applications:

(i) Documentation of bone-fide status for Non-Profit Development Organization carrying out NPDG activities: **10 points**

(ii) Verification of property ownership of project site by Non-Profit Development Organization: **10 points**

(iii) Documentation that project site is in a designated downtown area as defined in an adopted and consistent comprehensive and/or an approved downtown revitalization plan; and that proper slum/blight designation exists for the site: **15 points**

(iv) Project Summary – A maximum 2-page summary of all project activities funded with NPDG and matching funds: **20 points**

(v) Budget Summary & Matching Funds Review – a review of the Budget Summary Page, Matching Funds Table and required documentation and how they assure the project is fully funded and ready to proceed: **15 points**

(vi) Summary of potential jobs, which may be created for LMI persons as a result of the NPDG project: **10 points**

(vii) Assurances that NPDG activities will be completed within 12 months of CDBG contract award; including a summary of any financial, permitting, political, environmental or contracting concerns which could delay project: **20 points**

(viii) Pine Tree Zone Bonus: NPDG applications supporting project activities taking place in a designated Pine Tree Zone shall receive a bonus of **10 points**.

(c) Application Approval: The OCD Review Team will forward their recommendations for funding to the Director, Office of Community Development. **A minimum Final Rating of 75 points** will be required for an application to be considered for funding. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow.

C. INTERIM FINANCE PROGRAM

The Interim Finance Program (IFP) utilizes funds not disbursed in the State's Letter of Credit for grants to communities to assist businesses or developers in creating housing and job opportunities for low and moderate-income people through short-term loans. The duration of loans will be dependant on availability of CDBG funds.

1. Threshold Criteria:

(a) The proposed activities must meet the low and moderate-income objective as described below:

(i) At a minimum, 51% of the jobs created or retained as a result of the IFP project must be taken by persons of low and moderate income. Jobs created/retained must be in the community applying for the IFP, be new jobs to that community, and not be associated with any other branches of the assisted business located in another community. Transfer positions cannot be counted toward the job creation/retention requirements. **In the event that job creation requirements are not met, the applicant community will be responsible for immediate repayment of all CDBG funds to the State.**

(ii) The maximum cost per job created or retained with IFP funds is \$20,000. The maximum cost per job created or retained with IFP funds for eligible Pine Tree Development Zone applicants is \$30,000.

(iii) At least 51% of the housing units created by the IFP project must be occupied by low and moderate-income households, or

(iv) The IFP expenditures reduce the development costs for new multi-family, non-elderly housing construction where not less than 20% of the units will be occupied by low and moderate-income households at affordable rents **and** the proportion of the total cost of developing the project to be borne by the IFP funds is no greater than the proportion of units in the project that will be occupied by low and moderate-income households.

(b) Complete the required IFP application materials.

(c) The application amount must be between \$500,000 and \$5,000,000. The Commissioner of DECD may waive the \$500,000 minimum requirement if OCD determines it is in the best interest of the State and if OCD incurs no additional administrative costs as a result of the smaller award.

2. Special Program Requirements: IFP applicants must also comply with the following:

(a) Need for Financing: There must be a demonstrated need for an IFP loan in order for the project to be funded. The need may be based upon either a gap in available funding for the project or on a determination that the costs of financing so adversely affect the project's rate of return that the project would not be undertaken without additional assistance. IFP grantees must demonstrate the proposed rate and term have been set to ensure that assistance provided is the minimum needed and the proposed assistance is necessary and appropriate to carry out the economic development project.

(b) Commitment of Non-CDBG Funds: The business being assisted must demonstrate that all non-CDBG financing, both permanent and interim, necessary for the project's completion has been secured.

(c) Community Benefit: The project must result in substantial benefit to the community: job creation/retention, tax revenue increases, new housing opportunities, or public facility improvements relative to the public dollar investment.

(d) Surety: The business being assisted by the IFP grantee must secure an unconditional, irrevocable letter of credit for the full amount of the Interim Financing Loan (principal plus any accrued interest to term) from a lending institution acceptable to DECD which will be assigned to the State. The State may accept a FAME guarantee in lieu of an irrevocable letter of credit, or other surety instrument deemed acceptable by DECD.

3. Selection Process: Applications may be submitted on an open basis. IFP grants will be made on a first come, first served basis. Projects that meet requirements may be awarded IFP grants until the amount of funds available in the State's letter of credit has been committed. Following full commitment of the IFP, the State will maintain a waiting list of eligible projects to be funded. If projected funds will not be available for a minimum of six months, the State reserves the right not to accept any additional applications.

4. Approval Process: Through its Technical Assistance Providers, direct mailings, and other marketing methods, the State will advertise the availability of funds within the IFP. Communities interested in applying will: notify the State of their intent to apply, identify the proposed loan recipient and provide an application describing the project. Following the acceptance of a complete application by the State, the DECD or its designee will conduct a financial analysis of the project, DECD will determine if the IFP loan is needed, if all non-CDBG permanent and interim funds are committed, and if an irrevocable letter of credit is in place. The DECD staff will recommend the loan terms and interest rates to the Director, Office of Community Development. The State will review all other program requirements. If these requirements are met, the Commissioner of the DECD will make a grant award based on the project meeting all program requirements.

D. PINE TREE DEVELOPMENT ZONES SET ASIDE

The Pine Tree Development Zones Set Aside (PTDZ) provides \$2,500,000 in CDBG funding targeted for business growth in areas within Pine Tree Zones designated by DECD under 30-A MRSA C. 206, Sub-c.3. The Pine Tree Zones are established to foster development and create employment opportunities for low/moderate income persons in specific areas within regions of economic need in Maine, which will be governed through cooperative agreements adopted by all participating communities.

1. Threshold Criteria:

(a) The proposed PTDZ activities must meet the low and moderate-income objective as described below:

(i) At a minimum, 51% of the jobs created as a result of the PTDZ project must be taken by persons of low and moderate income. Jobs created must be in the designated Pine Tree Development Zone to be assisted with the PTDZ application, be new jobs to that Zone, and not be associated with any other branches of the assisted business located elsewhere. **Job retention is not an allowable program benefit activity.** Transfer positions cannot be counted toward the job creation/retention requirements. PTDZ assistance. **In the event that job creation requirements are not met, the applicant community will be responsible for immediate repayment of all CDBG funds to the State.**

(ii) The maximum cost per job created or retained with Economic Development program funds in support of PTDZ activities is \$30,000.

2. Special Program Requirements:

(a) **Eligible Applicants:** Eligible applicants are limited to units of general local government participating in a Pine Tree Development Zone as designated by DECD. The entitlement communities of Auburn, Bangor, Lewiston, South Portland and Portland are not eligible to receive PTDZ funds. The City of Biddeford will also be ineligible if it gains status as an entitlement community for the 2005 CDBG program. In addition, project activities may not take place in the entitlement communities listed above. **Eligible applicants as defined above may apply for PTDZ assistance on behalf of the five Maine Indian Tribes. Maine Indian Tribes are not themselves eligible applicants.**

(b) **Eligible CDBG Programs and Activities:** Eligible CDBG programs under the PTDZ Set Aside are the Economic Development Program and Interim Financing Program. PTDZ projects must comply with all rules and regulations set forth in each of the CDBG programs listed in this section including, but not limited to, eligible activities, application procedures and deadlines, maximum dollar awards, national objectives, Project Development Phase and special program requirements, as necessary.

SECTION 4. PLANNING

A. COMMUNITY PLANNING GRANT PROGRAM

The Community Planning Grant (CPG) Program provides funding to communities or community partnerships that have clearly identified a local community or economic development problem and lack the resources to develop a strategy for solving that problem.

1. Threshold Criteria and Certifications: CPG funds will be distributed through a twice-yearly grant application selection process.

(a) Eligible Activities: CPG funds may be used for planning only activities that will include studies, analysis, data gathering, preparation of plans and maps, and identifications of actions that will implement plans. Engineering, architectural, and design costs related to specific projects are not eligible.

(b) Project Benefit: The program activities must meet one of the CDBG Program's national objectives. The outcome of the planning activities, if implemented, must provide either a benefit to low- and moderate-income persons, or prevent or eliminate slum or blighting conditions.

2. Special Program Requirements:

(a) Maximum CPG Grant Amount: \$10,000 or up to \$15,000 for Multi-Community Housing Assessment Plans.

(b) Match: All communities applying for CPG funds must certify that they will provide a cash match equivalent to 10 percent of the total grant award. This match may consist of all non-CDBG loans, grants, endowments, etc contributed to the project.

3. Selection Process: The selection process will consist of two phases – an application phase and a project development phase.

(a) Application: The maximum length of an application is **five pages, not counting required attachments**. The application deadlines for the CPG Program are 4:00PM on March 4, 2005 and August 5, 2005. Each application will be rated in relation to all others in a two-stage process.

Stage 1: Review Team Analysis – Members of the five-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the four scoring areas below and be determined by the total of each sub-scoring area. A maximum of 100 points is obtainable.

(i) Impact (25 points):

*A description of the scope, magnitude and severity of the identified problems – 5 points

*How the problems were identified – 5 points

*Past effort to deal with the identified problems – 5 points

*Impact of the problem on LMI persons or slum/blight conditions – 5 points

*Why CPG funds are critical for the project – 5 points

(ii) **Development Strategy (35 points):**

*A description of the planning tasks proposed to solve the identified problems; specific use of CPG funds – 5 points

*Project timeline, including a start date, tasks completed to date and how CPG funds will be expended in a timely manner – 8 points

*How community partnerships including local government, citizens, agencies and local businesses will work together to develop effective solution strategies – 8 points

*Budget Page review – 5 points

*How the planning efforts would lead to solution strategies that would benefit LMI persons or alleviate slum/blight conditions – 5 points

*Experience of the applicant community with planning projects – 4 points

(iii) **Project Leverage (20 points):**

*How other cash resources (local, state, federal, private) will contribute to completion of the project – 3 points

*How firm is documentation of the cash commitment – 3 points

*Matching Funds Table review - 5 points

*% which firm cash commitments exceed minimum 20%

0% - 15% – 1 points

16% - 30% - 2 points

31% - 50% - 3 points

More than 50% – 4 points

*Establishment of cash value equivalent and direct relationship to project for all in-kind commitments - 5 points

(iv) **Citizen Participation (20 points):**

*How overall citizen participation process directly relates to identification of solution strategies and application development - 4 points

*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 4 points

*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 4 points

*Involvement of potential LMI project beneficiaries in development of application and project – 4 points

*How attendance, comments, etc. at the required public hearing relate to the application development and citizen participation process – 4 points

Stage 2: Final Application Score – Each application will receive a Final Application Score consisting of adding the sum of an average of the five Review Point Totals after dropping the highest and lowest and the Community Evaluation Factor. **A minimum Final Application Score of 80 points** will be required for an application to be considered for funding. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow.

B. PROJECT DEVELOPMENT PHASE PLANNING GRANTS

The Project Development Phase Planning Grant Program enables communities to gather, analyze, and provide information required by the Project Development Phase process.

1. Threshold Criteria:

(a) Eligible Applicants: All applicants invited into the Project Development Phase for a CDBG Program except for the Community Planning Grant Program.

(b) Eligible Activities: Planning funds may only be used for planning activities necessary to complete Project Development Phase requirements.

(c) Need and Capacity: Applicants must demonstrate a need for financial assistance and provide a schedule of completion.

(d) Federal and State Certifications: Applicants applying for Project Development Phase Planning Grants must certify they will comply with all applicable federal and state CDBG program certifications.

2. Selection Process: Applicants will submit a Project Development Phase Planning Grant Proposal that demonstrates need for financial assistance to complete applicable Project Development Phase requirements and will describe how the funds will be used to complete those tasks.

3. Approval Process: OCD staff will review threshold criteria and the applicant's proposal. Project Development Phase Planning Grants will be awarded on an as-needed basis. The OCD staff shall determine recipients and amount of assistance.

4. Maximum Grant Award: \$2,500

C. TECHNICAL ASSISTANCE PROGRAM

The Technical Assistance Program provides funds to contract with regional organizations to provide application development, development of alternative funding sources, grant administration, and general program assistance to Maine's communities.

The Office of Community Development will use Technical Assistance funds to: conduct workshops, produce program materials, implement the CDBG Administrator's Certification Training Program, and outreach to communities.

D. SPECIAL PROJECTS MATCHING FUND

The Special Project Matching Fund (SPMF) provides matching funds to projects that are not funded through the normal CDBG application process. SPMF funds will be used for alternative OCD grant activities and partnerships that are consistent with the furtherance of community or economic development activities and CDBG National Objectives in the State of Maine. Approval for the use of SPMF funds is through the Director, Office of Community Development.

E. LEAD HAZARD CONTROL FUND

A set aside of \$200,000 will be used to match the Lead Hazard Control Program administered by the Maine State Housing Authority. Funds will be spent solely for lead hazard reduction activities on CDBG income eligible households. Administration will not be an eligible use of funds. OCD in conjunction with MSHA will select an eligible unit of local government as a grantee for the Lead Hazard Control Fund. Dwelling units located in the entitlement communities of Auburn, Bangor, Lewiston, South Portland and Portland are not eligible to receive assistance through the Lead Hazard Control Fund. Units located in the City of Biddeford will also be ineligible if it gains status as an entitlement community for the 2005 CDBG program.

SECTION 5. REDISTRIBUTION OF GRANT FUNDS & PROGRAM INCOME

This section describes the methods by which undistributed funds, disencumbered funds, additional funds received from HUD, and program income will be redistributed.

A. ADMINISTRATIVE REDISTRIBUTION OF GRANT FUNDS

1. Local Government Grants from the State: Applicants receiving grants under the 2005 CDBG program but failing to have their projects substantially underway (staff hired, environmental review complete, program costs obligated, construction or services begun) within six months of grant award, may have their grant rescinded by DECD. Unexpended grant funds may be added to any open CDBG contract, used to make additional awards in any 2005 CDBG program, or added to the available monies for the 2004 or 2006 competition.

Unexpended funds remaining in the grantee's CDBG account at grant closeout, funds remaining in a grantee's award but not drawdown upon grant closeout, and funds returned to DECD because of disallowed costs may be added to any open CDBG contract, used to make additional awards in any 2005 CDBG program, or added to the available monies for the 2004 or 2006 competition.

2. Unallocated State Grants to Local Governments: Unallocated grant funds resulting from lack of adequate program competition or demand in any of the available 2005 CDBG programs may be added to any open CDBG contract, used to make additional awards in any 2005 CDBG program or added to the available monies for the 2004 or 2006 competition.

3. Basis for Redistribution: The decision to redistribute funds will be made after staff evaluation of the following: the total funds available, requests for additional funding from current CDBG grantees, any applicants that received scores above the specified point threshold in 2005 competitions but did not receive funding, and the possibility of holding additional competitions during the 2005 Program. In all cases, these additional competitions and the subsequent programs developed will be subject to the 2005 Program Statement.

4. Development Fund Program Repayments: DF loan repayments to DECD will be used to capitalize a revolving loan fund for the purpose of making additional DF program awards.

5. Business Assistance Program Repayments: BA loan repayments will be used to fund additional future awards within the specific program categories under which the original award was made.

B. PROGRAM INCOME

As used in this Proposed Statement, “Program Income” means the gross income received by a grantee from any grant-supported activity. Applicants will refer to the CDBG Regulations and the Maine Office of Community Development policies on program income.

Program Income shall also mean gross income received by DECD for repayment of loans under the DF and BA programs. Repayments from each program will be used to capitalize revolving loan funds to make additional future awards within the specific programs under which the original awards were made.

SECTION 6. APPEALS

An applicant wishing to appeal DECD's decision regarding their 2005 application may do so by submitting an appeal letter to the Commissioner of The Department of Economic and Community Development within fifteen (15) days of the award announcement for that specific program.

Appeals of award decisions are restricted to errors of fact or procedure. Appeals in the areas of judgment qualitative scoring will not be entertained. In the case of a successful appeal, funds will be reserved for the project from available or subsequent CDBG funds.

SECTION 7. AMENDMENTS TO THE PROGRAM STATEMENT

The State may amend the 2005 Program Statement from time to time in accordance with the same procedures required for the preparation and submission of the program statement. The State of Maine's Administrative Procedures Act will guide the amendment process.

**THIS MATERIAL IS AVAILABLE IN ALTERNATIVE FORMAT
UPON REQUEST**

BY CONTACTING:

**ORMAN WHITCOMB, DIRECTOR
OFFICE OF COMMUNITY DEVELOPMENT
111 SEWALL STREET, 3RD FLOOR
59 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0059**

**TELEPHONE (207) 624-9819
TTY (207) 287-6556**

ALSO AVAILABLE ON THE OFFICE OF COMMUNITY DEVELOPMENT WEB SITE:

www.meocd.org